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SUBJECT: CODEL TANNER ISTANBUL MEETINGS

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¶1. (SBU) Summary. Ten members of the U.S House Delegation to the NATO Parliamentary Assembly headed by Congressman John Tanner met in Istanbul on May 28 with public intellectuals and civil society to discuss the economic and political challenges facing Turkey. Their interlocutors acknowledged that the AKP closure case is the primary source of political instability in Turkey today, yet downplayed the effect of the pending AKP closure case on the economy. The briefings covered domestic politics and economics as well as Turkey's relations with the United States and the European Union and Turkish initiatives towards neighbors including Russia, Iran, Syria, Israel and Lebanon.

YASED

¶2. (SBU) Tahir Uysal, head of the International Investors Association (YASED), explained YASED's take on GOT reform policies to CODEL Tanner members and staff. Uysal cited the informal economy, high taxes, and a flawed incentive system as areas that must be dealt with in the short to medium term to foster growth and investment. He noted the need to both enact good laws and then to implement them citing intellectual property rights legislation and the recently passed R&D law as two examples that YASED is following closely. Education reform, particularly to vocational education, would be necessary for Turkey to produce the skilled workers needed to attract greenfield investment, he argued.

¶3. (SBU) Uysal underscored the importance of the EU accession process as an anchor for market-based economic reform. In response to a query about the primary obstacles to EU accession, Uysal focused on the GOT approach to negotiations, explaining that YASED had criticized the decision to dual hat FM Babacan as chief EU negotiator. He claimed that support for the EU goal was not wholehearted and that "indecisiveness at all levels" hampered forward motion. He discounted the argument that Turkey, as a majority Muslim country, was not acceptable to the EU noting that current EU members are apprehensive about Turkish membership for a variety of reasons including Turkey large population (over 70 million) and the possible impact of Turkey's large, inefficient agricultural sector on EU agricultural policy.

Soli Ozel

¶4. (SBU) Newspaper columnist and university professor Soli Ozel discussed the intersection of politics on the economy noting that while the group was meeting in Istanbul, PM Erdogan was in Diyarbakir outlining his government's development goals in the disadvantaged South East (reftel).

Ozel cautioned that PM Erdogan is in a precarious position due to the pending AKP closure case, but argued that unless the closure case causes "total havoc" the economy was unlikely to be significantly affected by on-going political instability. Ozel ascribed the closure case to a reaction by the existing military/judicial/bureaucratic power structure to a re-distribution of power away from traditional power centers. In response to a query about the U.S. role in the on-going debate on the closure case Ozel acknowledged that the U.S. was in a difficult position. He argued that success or failure in Turkey would resonate throughout the region and for this reason the U.S. cannot ignore domestic political tensions in Turkey. The U.S. must retain its credentials as a supporter of democratic forces, he argued, but added that neither the EU nor the U.S. had more than a marginal influence at this point. Ozel, however, emphasized to CODEL Tanner that "behind the scenes" dialog is a useful tool to convey U.S. concerns to Turkish officials.

¶5. (SBU) Ozel outlined several foreign policy areas where Turkey is taking a more active role including Lebanon, Turkish-brokered negotiations between Syria and Israel and the growing economic importance of Turkey in Kurdish areas in both Northern Iraq and Syria. He explained Turkey's relations with Iran and Russia were particularly sensitive. In the case of Russia, Turkey sees significant commercial opportunities in Russia and appreciates Russia's welcoming attitude towards Turkish businessmen all the while remaining concerned about energy dependence and sympathetic to Georgia. Turks with experience living and working in Russia view Russian positively because Turkish businessmen in Russia are treated with respect, a situation that is not always repeated in Europe, Ozel noted. Turkey's views toward Iran are

ISTANBUL 00000308 002 OF 002

similarly conflicted -- "no one wants a nuclear Iran" and Turkey views itself as a counterweight to Iranian influence in Lebanon. At the same time Iran is a neighbor and a potential source of energy that could balance Russian domination of energy supply.

Milliyet - Sedat Ergin and Sami Kohen

¶6. (SBU) Milliyet editor in chief Sedat Ergin described in some detail the pending AKP closure case, describing it as the primary source of instability in Turkey today. He noted the irony that although closing a political party appears by definition undemocratic it is in fact a constitutionally acceptable option in Turkey. Ergin criticized the AKP for failing to address the misgivings of those who view secularism as under threat from a party with undeniable roots in political Islam.

¶7. (SBU) Milliyet senior columnist Sami Kohen described Turkey's three most important foreign policy priorities - relations with the United States, relations with the EU and multidimensional diplomacy. Kohen noted despite the damage done by differences over Iraq, the United States has a special priority in Turkish foreign policy. In many areas - the war on terror, energy policy, the Balkans and Afghanistan - Turkey and the U.S. share similar goals. Turkey's European focus dates back to the late Ottoman/early Republican period and was formalized in 1963 when the GOT applied to join the European Economic Community. Kohen argued that the general population has a European mindset and European identity and thus will not easily abandon the quest for EU membership. Multidimensional diplomacy describes Turkey's move away from a bi-polar Cold War mentality to one that focuses on Turkey's immediate neighbors and surrounding regions, according to Kohen. This new focus is governed by a policy of having "zero problems with neighbors" and has prompted Turkish efforts to play the role of honest broker in conflicts between neighboring countries.

WIENER